



Trading Statement Year Ended 28 February 2009

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Dublin, London, 3 March 2009: C&C Group plc ('C&C or the 'Group'), today issued the following trading statement for the year ended 28 February 2009. Preliminary results for the year will be announced on 12 May 2009.

2008/09 Performance Overview

- Expected revenue decline of 13%⁽ⁱ⁾ in FY 2008/09.
- FY 2008/09 adjusted operating profit⁽ⁱⁱ⁾ of c. €90m.
- Non- recurring gain on foreign exchange hedging of c. €15m.
- Strong balance sheet, expected Net Debt: EBITDA of c. 2.1 times at FY 2008/09 year-end.

Strategic & Operating Review

- Streamlined organisation and management structure.
- Sustainable cost saving benefits of €5m in FY 2009/10.
- Review of stock and excess juice levels. Write down of approximately €11m in FY 2008/09.
- Review of carrying value of Clonmel manufacturing facility. Write down of approximately €130m in FY 2008/09.
- Reduced capital spend in FY 2009/10 and beyond.
- New Product Development - Pear Cider launched in Ireland and UK effective 1 March.

Dividends & Outlook

- Strong and sustainable free cash flow characteristics – free cash flow conversion to increase in FY 2009/10.
- FY 2008/09 final dividend of 3 cent delivering FY dividend of 9 cent per share.
- Initial objective to sustain an annual dividend of 6 cent per share.
- FY 2009/10 operating profit currently targeted to be within €5m (below) FY 2008/09 underlying performance of €32m⁽ⁱⁱⁱ⁾.

Overview

Over the last year the rapid economic deterioration and the resulting impact on consumer confidence have been challenging for the Group. In addition, the poor summer weather of 2008 militated against recruiting cider drinkers, and, a substantial strengthening of the Euro against Sterling reduced our cost competitiveness in the critical UK market. Trading in our key markets of Ireland and the UK has therefore been difficult with each experiencing downward pressure on pricing and volumes, as well as the impact of the accelerated trend from the On-Trade market to the Off-Trade. For C&C these trends were exacerbated by a loss of share in both Ireland and the UK.

Consequently, Revenue from continuing operations⁽ⁱ⁾ in the year to 28 February 2009 is expected to decline by approximately 13% versus FY 2007/08, and the Group's overall Operating Margin is expected to decline by around 3.5 percentage points.

As a result, adjusted Operating Profit⁽ⁱⁱ⁾ from continuing operations is expected to be in line with the €90m guidance given in the Interim Management Statement issued on 16 January 2009. In addition, gains of €15m on excess foreign exchange hedge contracts are anticipated for the year.

With reduced levels of capital expenditure in comparison to the prior year, free cash flow in the year was strong. Net debt at the year end is forecast to represent a Net Debt:EBITDA ratio of around 2.1x.

Cider

Revenue, in the full year for Cider sales is expected to be down by 17%. This represents a decline for Bulmers in Ireland of 14%, and 23% for Magners in GB. In the Rest of the World volume sales for Magners increased by 16%.

In the Republic of Ireland, the long alcoholic drinks market declined by 6%^(iv) during 2008. Bulmers was negatively impacted by a second year of poor summer weather and the cumulative impact of this on consumer recruitment and as a result lost market share.

In the UK, the cider category continues to grow in an otherwise depressed market for long alcoholic drinks. The overall position for Magners is likely to show volume share loss of 3 percentage points.

Export volumes to the rest of the world continue to grow. Volumes to the US and Australia increased while our performance in Germany and Spain has been below expectations.

Spirits & Liqueurs

Shipment volumes in Spirits & Liqueurs are likely to be level year on year. Volumes of Carolans have grown but this is balanced by the disappointing performance of Frangelico and Irish Mist. Weakening consumer demand and de-stocking by distributors adversely affected Tullamore Dew. Shipment volumes will be flat year on year with a strong performance in key markets of Germany and the US being offset by poorer trading in Spain and Latvia. Overall Operating Profit in the Spirits & Liqueurs division is expected to be in line with last year.

Reorganisation

Against this backdrop, the Group is taking action to enhance our performance. Firstly we are streamlining our Executive structure. Marketing has been re-aligned with Commercial in our key markets of Ireland and Great Britain, and management of cider exports to the Rest of the World will come under the leadership of the Head of our Spirits & Liqueurs division. Both these moves are designed to increase levels of accountability and to ensure improved sharing of commercial knowledge within the Group.

On 19 February 2009, the Group announced a reorganisation relating to Operations in Clonmel and the Commercial structure in Ireland. The programme is aimed at improving cost competitiveness and will result in a reduction in our employee base of 120 people.

In support of this overall restructuring and other initiatives, we are intending to take a one-off reorganisation charge in FY 2008/09 of €12m. Cost savings from the exercise are estimated at €5m in FY 2009/10.

Stock

At 28 February 2009, our stock holding of apple juice was excessive in light of anticipated future needs and forward purchase commitments. The Group is intending to dispose of such surplus stock resulting in a write-down of approximately €11m.

Asset Valuation

As a consequence of current levels of demand and expectations of future growth, the Group has reviewed the carrying value of its production facility at Clonmel.

An independent external valuation has been conducted and in line with this re-valuation, the Board intends to write-down the value of the facility by around €130m. This is expected to reduce the depreciation charge by approximately €8m in FY 2009/10.

Pensions

As intimated in the January Interim Management Statement, C&C has funded the Group Employee Pension schemes by a special payment of €20m. This was required to facilitate the split of the pension schemes, arising from the disposal of the Soft Drinks business. The Group intends to close the Executive Defined Benefit Pension Scheme with immediate effect and enter discussions with employees on initiatives to reduce future liabilities in the main Group scheme. The combined IAS 19 deficits in the Group Pension Schemes at 28 February 2009 are estimated at c. €30m, which subject to agreement of the Irish Pensions Board are expected to be funded over a 10-year period.

Dividends

Subject to Board approval, C&C intends to pay a final dividend of 3 cent per share giving a full year dividend of 9 cent per share. The level of the final dividend, at 3 cent a share, is indicative of our intention to pay a dividend of 6 cent per share in FY 2009/10. This is a level that we believe is sustainable within the current economic environment and takes account of our capital structure.

Disposal

Following on from the sale of its Wines & Spirits distribution business in the Republic of Ireland in September 2008 C&C completed the sale of its Wines & Spirits distribution business in Northern Ireland on 26 February 2008, at approximately net asset value.

Outlook

Forecasting consumer behaviour in the current trading environment is very difficult. Market conditions in both Ireland and GB are, if anything, getting worse and increased price sensitivity by consumers plainly presents risk to our premium brand portfolio.

Equally, recent downward movements in currency exchange rates, particularly in respect of Sterling, will have a material adverse impact on reported earnings. While the Group is partially hedged and has taken steps to increase Sterling procurement, the negative profit impact in FY 2009/10 is likely to be in the region of €16m.

We are well positioned to take advantage of the deflationary pressures on media costs. We are taking steps to improve both the cost efficiency and effectiveness of our advertising and promotion investment. The launch of Pear Cider in Ireland and the UK is also an important element in delivering revenue growth through line extension.

Despite extremely challenging conditions making predictions difficult, the combination of efficiency and competitiveness improvements and a re-alignment of marketing investment should allow us to target operating profit in FY 2009/10 within €5m (below) the anticipated underlying outturn for FY2008/09, i.e. when adjusted for the impact of currency and the reduction in the depreciation charge referred to above. With a lower level of capital expenditure, free cash flow conversion should remain strong in FY 2009/10.

John Dunsmore, Group CEO commented 'in the course of the next twelve months, we expect to make major progress on cost competitiveness and move to make the business leaner and faster to react to market-led changes. The key task is to create a sustainable and secure platform for our Cider business in Ireland and the UK. This will ensure that we build a strong foundation for growth in future years.'

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- (i) Continuing operations at constant currency
- (ii) Excluding exceptional items, non recurring gains on excess hedges and discontinued activities
- (iii) Underlying profit net of the impact of depreciation and foreign exchange
- (iv) Source: Revenue Commissioners, December 2008

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About C&C Group plc

C&C Group plc is a manufacturer, marketer and distributor of branded beverages in Ireland and the UK. C&C manufactures the Irish cider brand, Bulmers, and the international cider brand, Magners, for export to the United Kingdom, the United States and Continental Europe. C&C also exports Spirits & Liqueurs, including the premium Irish whiskey brand, Tullamore Dew, to over 80 international markets.